



**State of Alabama
SMART GOVERNING**

SMART FY08

Capital Assets Sub-plan

MANUAL

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Capital Assets Sub-Plan

Introduction

The SMART planning process should identify any additions or improvements in capital assets, and information technology (IT) that are a part of the agency's strategies to achieve objectives and move toward accomplishing the agency's goals and mission. Each agency developing a SMART plan should also address the basic questions about its proposals for investing in capital assets or information technology. Information Technology projects are considered as Capital Assets Projects, and IT projects will automatically be included in all Capital Assets reporting.

Although not always in the public eye, states' decisions on what to build, how to finance a project and how to maintain existing assets have implications for their long-range fiscal health.

Capital Assets Planning

SMART planning is designed to address long term strategies. Part of this process is using capital assets to maintain or improve agency operations and to assist the agency in accomplishing its missions and goals.

Important factors in good capital budgeting/planning process are:

- Establish a clear definition of capital expenditures
- Develop a system to rate Capital projects
- Include specific operating costs for each capital project over a multi-year period
- Strengthen the review of the years beyond the budget year in long range capital plans.
- Maintain centralized oversight for capital projects.
- Identify the criteria used in selecting capital projects.
- Define all program outcomes for capital investments and link them to overall state goals.
- Evaluate cost estimating methods to measure their validity.
- Establish a tracking system to keep projects on schedule and within budget.

Capital Assets Projects Definitions

Capital assets include: 1) acquisition of land or buildings, 2) improvements to land or buildings, 3) construction of building or facilities 4) easements, 5) acquiring vehicles, machinery or equipment 6) acquiring works of art or historical treasures, 7) infrastructure such as roads and bridges, 8) IT applications, equipment, or networks, and 9) all other tangible or intangible assets that are used in operations and have initial useful life beyond a single reporting period. (SGAS 34). A single reporting period is defined as one fiscal year (October 1 through September 30) for the State of Alabama. Capital assets include capital assets acquired by capital lease.

Types of Capital Assets Projects

For SMART planning purposes, capital assets projects will consist of the following categories:

1) Acquisition of land and/or buildings, 2) New construction, 3) improvements, 4) IT assets/projects, 5) Equipment (Non-IT related) and 6) Transportation equipment. Each of the categories are defined below.

1) Acquisition of land and/or buildings- the cost of land, right-of-way, and any incidental acquisition cost related there to; the cost of purchases of buildings, and the land on which it stands. This includes lands and buildings acquired by capital leases.

2) New construction – this category should capture the cost of new construction of the following: roads, highways, bridges, airfields, buildings, parking lots or any other facility that meets the definition of a capital asset. Intangible cost such as architectural and engineering fees should be included.

3) Improvements – an addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity.

4) IT assets/projects – replacing, creating or implementing IT infrastructure, IT hardware, or applications. It does not include maintenance or repair of equipment, infrastructure or software/applications. Major upgrades in application software or function are considered projects.

5) Equipment (Non-IT related) - this category captures all other equipment item purchases, except those related to transportation equipment and/or IT equipment assets/projects. Such cost should include freight, installation or the cost of modifications necessary to place the asset into use. Include equipment, as defined above, acquired by capital leases.

6) Transportation equipment – this category should capture the cost of all types of transportation equipment, including all cost necessary to place the asset in service. Such cost should include freight, installation or the cost of modification. Include any transportation equipment, as defined above, acquired by capital lease.

NOTE: Like items may be grouped together for one asset/project.

Capital Assets Projects Costs

The total cost of a capital asset project should include all costs incurred to place the capital asset or IT project in service for its intended use. Use whole dollars only when reporting costs.

FY08 Operational Impact

The FY08 Impact or operations impact can either reflect the additional costs for ongoing maintenance and support, or savings due to the capital asset/IT project implementation. Savings should be shown as a negative number. For additional discussion see the FY08 SMART Planning manual.

CA Sub-plan Worksheets/Forms

The CA Sub-plan contains two worksheets or forms for agencies use in completing the CA sub-plan reporting requirements. The actual web application screens will not look like the worksheets, but the worksheets will contain the same information required by the web application.

The CA Project Summary worksheet is used to provide summary planning information about all CA projects. The CA Project Summary will be included as part of SMART Plan review by the Finance Director. Agencies should be prepared to provide more detail information about funding sources, justifications and the operational impact during the SMART plan review.

The CA Project Detail provides detail project information about all CA/IT projects, and it is more of a budgetary form. The CA Project Detail will be submitted with the SMART budget request and is part of the SMART budget review process

Please refer to the section on each form for additional information.

Multiple Programs, Activities or Goals

Many Capital Assets/IT Projects involve a project with only one program or activity and one goal. Other capital asset projects may involve more than one program, activity or goal. Capital assets projects are reported at the agency project level and not at the program, activity or goal level.

Reporting Requirements

All agencies are required to submit the Capital Asset Project Summary (CA Project Summary) even if they have no capital assets or IT projects. If an agency does not have any capital assets or IT projects, they complete the first question showing that they do not have any CA/IT Projects. Agencies with CA/IT Projects will list the CA/IT projects and provide summary information about the projects.

All agencies are required to report all CA/IT Projects for the current or future fiscal years, if the total cost of implementation is greater than or equal to \$500,000.00 by completing a separate CA/IT Project Detail plan. Once the \$500,000.00 threshold is met, a CA Project Detail document is required for each CA/IT Project included in the Capital Asset Project Summary, regardless of the cost of the individual CA/IT Project.

CA Sub-Plan Last Submission Dates

SMART CA Project Summary	August 18th
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CA Projects Detail	November 1st
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Unless you have been specifically notified of an earlier submission date, August 18th is the last submission date for the CA Project Summary.

Assistance

Always check the SMART web site for the most current version of the SMART CA Sub-Plan manual as well as other SMART manuals. Also review the FAQs posted on the SMART website for further clarification. You can also request assistance through the SMART website by clicking on “Contact Us”. Make the subject line for “CA” or “Capital Assets” for all questions except those related to the IT category. For IT related questions, make the subject line “IT” or “Information Technology”

CA Project Summary

CA Project Summary Worksheet/Form

Current or Proposed Capital Assets Projects Summary			
Agency Code:		Agency Name:	(Display Only)
Org Code:		Org Name:	(Display Only)
Are any Capital Assets/IT Projects included in FY08 Budget request			<input type="checkbox"/> Yes <input type="checkbox"/> No

If the answer to the above questions is “NO”, then there should not be any capital assets/IT projects listed below. If the answer to the above question is “Yes “, then list all capital asset/IT projects.

CA Project Summary

CA Project Summary Worksheet/Form

FY08 Current or Proposed Capital Assets Project Summary					
Agency Code:		Agency Name:	(Display Only)		FY Project Began
Org Code:		Org Name:	(Display Only)		Agency Priority
Project ID:	Display only (Agency + Org+FY Proj Began+Agency Priority)				Governor's Priority
Project Description					Project Type
Does this project address any Key Goal					Yes or No
FY08 Source of Funds		Note: The total of the FY08 Source of Funds = FY08 Amount Requested.			
GF			Total Estimated Project Costs		
ETF					
Special Revenue			FY08 Amount Requested (Display only)		
Federal Revenue					
Bond Proceeds			FY 08 Operational Impact		
Other Funds					

Capital Assets Projects Summary Instructions

Capital Assets Projects Summary		
<p>Capital Assets/IT Projects include any additions to or improvements in capital assets, information technology (IT) and building space. This includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in an operation and that have initial useful lives extending beyond a single reporting period. IT Projects or implementation costs are defined as replacing, creating or implementing IT infrastructure or applications, including purchasing or leasing computer equipment. Major upgrades in application software or function are considered projects. Please refer to the Capital Asset/IT Sub-plan for further discussion on capital asset projects.</p> <p>All agencies are required to submit the Capital Assets Projects Summary. Depending on the total costs of all capital asset projects (including all IT projects), agencies will be required to submit one or more detail CA Project Detail information. The threshold for FY08 is \$500,000.00 for the total cost of all projects (Capital Asset and IT). IT projects are capital assets under SMART planning.</p> <p>Agencies should list all Capital Asset or IT projects for which funding is being requested in FY08 in the space below. For each project, give a brief description. Select the project type using the dropdown box. The Total Project Cost refers to the total cost of the project and not to the cost in a specific fiscal year. Priority is the priority or rank of this project compared to all other projects with 1 being the highest</p> <p><i>Please note that the agency priority is a unique number within the beginning fiscal year. No two different projects can have the same priority within the beginning fiscal year.</i></p>		
Column Headers		
Are any Capital Assets/IT Projects ...	Select either YES or NO –(See Note 1 below.)	Check Box Yes No
<p>Note 1: If the answer to the above questions is “NO”, then there should not be any capital assets/IT projects listed below. If the answer to the above question is “Yes “, then list all capital asset/IT projects. Agencies may want to use a separate form for each “FY Project Began.” It may be easier to assign the agency priority if all beginning fiscal years are grouped together or on a separate form. Please also see Note 2 at the bottom.</p>		

FY Project Began	Show the last two digits of the fiscal year that the project began or is expected to begin	
Agency Priority	Priority is the priority or rank of this project compared to all other CA/IT projects within the fiscal year the project began with 1 being the highest. Duplicates are not allowed within “FY Project Began”. The priority within the “FY Project Began” should be unique with 1 as the highest priority.	
Note: Project ID	Display Only The agency code, org code, FY-began project began and the agency priority are joined together to form the Project ID. The Project ID will usually be displayed on reports as AAA- OOOO-YY-9999 where AAA is the agency code, OOOO is the org code if applicable, YY is the fiscal year the project began and 9999 is the agency assigned priority.	
Governor’s Priority	Using the drop down list, select the Governor’s priority associated with the project.	Dropdown list
		GP1
		GP2
		GP3
		GP4
		GP5
		GP6
		N/A
Capital Asset/IT Project Description	Enter a brief project description. Don’t use agency acronyms—plainly describe or state the purpose of the CA/IT project.	
Project Type	Select Project type or category using the following drop down list. For additional discussion, on types, please refer to the Capital Asset Sub-Plan Manual instructions.	Dropdown list
		AQ-Acquisition of land or buildings
		NC-New construction
		IM-Improvements
		IT- IT Project
		EQ- Equipment (non-IT related)
		TE Transportation Equipment
Does this project address any Key Goal	Key goals may be an agency goal, program goal or activity goal depending on the reporting format of the agency. Select either Yes or No.	

FY08 Source of Funds	
General Fund	Show the estimated dollar amount that will be requested from the General Fund that will be included in the agency's FY08 Budget Request. Whole dollars.
Education Trust Fund	Show the estimated dollar amount that will be requested from the Education Trust Fund that will be included in the agency's FY08 Budget Request. Whole dollars.
Special Revenue	Show the estimated dollar amount of Special Revenue funds that will be included in the agency's FY08 Budget Request. Whole dollars.
Federal Revenue	Show the estimated dollar amount of Federal Revenue funds that will be included in the agency's FY08 Budget Request. Whole dollars.
Bond Proceeds	Show the estimated dollar amount of Bond Proceeds that will be included in the agency's FY08 Budget Request. Whole dollars.
Other Funds	Show the estimated dollar amount of Other funds that will be included in the agency's FY08 Budget Request. Whole dollars.
Total Estimated Amount	Show total project costs and not the amount being requested for next fiscal year. Whole dollars.
Amount Requested in FY08	Note: This is a display only field. It is calculated by adding up the total FY08 Source of Funds. Whole dollars. The web application should have a button that allows the agency to calculate or re-calculate the total amount requested in FY08 based on the FY08 Source of Funds.
FY08 Operational Impact	Show the estimated additional operational costs or savings that will be incurred in FY08. Savings should be shown as a negative number. Whole dollars.

Note 2: If the Total Capital Assets/IT Project Costs is less than the threshold of \$500,000, you do not have to complete the Capital Asset Projects Detail, but you must still submit the Capital Assets Projects Summary. If the Total Capital Assets Project costs are above the threshold, you must complete a detail CA Project Detail on each project.

The CA Project Summary worksheet is used to provide summary planning information about all CA/IT projects. The CA Project Summary will be included as part of SMART Plan review by the Finance Director. Agencies should be prepared to provide more detail information about funding sources, justifications and the operational impact during the SMART planning review. Unless you have been specifically notified of an earlier submission date, August 18th is the last submission date for the CA Project Summary.

CA Project Detail

CA Detail Project Worksheet/Form

Current or Proposed Capital Assets Projects Detail					
Agency Code:		Agency Name:		FY Project Began	
			(Display Only)		
Org Code:		Org Name:		Agency Priority	
			Display Only)		
Project ID:	Display only (Agency + Org+FY Proj Began+Agency Priority)			Governor's Priority	
Project Description				Project Type	
Does this project address any Key Goal				Yes or No	
Start Date:			Scheduled Completion Date:		
Justification/Alternatives Narrative					

Source of Funds										
Fund #	Source of Funds	Total Asset/Project Costs	All Prior Costs	FY08 Requested	FY09 Projected	FY10 Projected	FY11 Projected	FY12 Projected		
	State General Fund									
	Education Trust Fund									
	Special Revenue									
	Federal Funds									
	Bond Proceeds									
	Other (specify)									
	Other (specify)									
	Other (specify)									
Total Source of Funds										
Additional Operations Impact:										
Show the anticipated operations impact either additional operations costs or savings for each fiscal year. Show savings as a negative number.				FY08 Operational Impact	FY09 Operational Impact	FY10 Operational Impact	FY11 Operational Impact	FY12 Operational Impact		
FY 08 Amount Requested by Program										
Program	Activity	FY08 Costs		Program	Activity	FY08 Costs		Program	Activity	FY08 Costs

Capital Assets Projects Detail Instructions

FY Project Began	Show the last two digits of the fiscal year that the project began or is expected to begin	
Agency Priority	Priority is the priority or rank of this project compared to all other CA/IT projects within the fiscal year the project began with 1 being the highest. Duplicates are not allowed within “FY Project Began”. The priority within the “FY Project Began” should be unique with 1 as the highest priority.	
Note: Project ID	Display Only. The agency code, org code, FY-began project began and the agency priority are joined together to form the Project ID. The Project ID will usually be displayed on reports as AAA- OOOO-YY-9999 where AAA is the agency code, OOOO is the org code if applicable, YY is the fiscal year the project began and 9999 is the agency assigned priority.	
Governor’s Priority	Using the drop down list, select the Governor’s priority associated with the project	Dropdown list
		GP1
		GP2
		GP3
		GP4
		GP5
		GP6
		N/A
Capital Asset/IT Project Description	Enter a brief project description. Don’t use agency acronyms—plainly describe or state the purpose of the CA/IT project	
Project Type	Select Project type or category using the following drop down list. For additional discussion, on types, please refer to the Capital Asset Sub-Plan Manual instructions.	Dropdown list
		AQ-Acquisition of land or buildings
		NC-New construction
		IM-Improvements
		IT- IT Project
		EQ- Equipment (non-IT related)
		TE Transportation Equipment

Does this project address any Key Goal	Key goals may be an agency goal, program goal or activity goal depending on the reporting format of the agency. Select either Yes or No.
Start Date:	Actual or estimated start date. Format MM/DD/YYYY.
Schedule Completion Date:	Estimated completion date. Format MM/DD/YYYY.
Justification/ Alternatives Narrative	Prepare a brief justification concerning the need of the capital asset/IT project. Give any alternatives that were considered and the reason for not using them.
Source of Funds	
Show the total cost by source of funds in the appropriate column. Whole dollars only.	
Fund Number	Show four digit source of fund number.
Total Asset/ Project Costs	Show the estimated total cost the project by fund number and source of funds. Whole dollars only.
All Prior Costs	Show the actual expenditures by fund number and source of funds for all prior fiscal years. Whole dollars only.
FY08 Requested	Show the amount being requested for FY08 by fund number and source of funds. Use whole dollars only.
FY09 Projected	Show the projected requested amount for FY09 by fund number and source of funds. Use whole dollars only.
FY10 Projected	Show the projected requested amount for FY10 by fund number and source of funds. Use whole dollars only.
FY11 Projected	Show the projected requested amount for FY11 by fund number and source of funds. Use whole dollars only.
FY12 Projected	Show the projected requested amount for FY12 by fund number and source of funds. Use whole dollars only.
Total Source of Funds	Display only—total for each column.

Additional Operations Impact	
Show the estimated operational impact of the capital asset/IT project on the operating budget over the next five years. The implementation may increase the operating budget because of additional staffing or other spending requirements. The project could also result in savings or a decrease in the operation budget. Show reductions or savings as a negative number in the appropriate column. Whole dollars only. Please refer to the FY08 Smart Planning Manual for further discussion on operational impact	
FY08 Operational Impact	Show estimated operational impact on the agency's operation budget for FY08. Use whole dollars only and show savings as a negative number.
FY09 Operational Impact	Show estimated operational impact on the agency's operation budget for FY09. Use whole dollars only and show savings as a negative number.
FY10 Operational Impact	Show estimated operational impact on the agency's operation budget for FY10. Use whole dollars only and show savings as a negative number.
FY11 Operational Impact	Show estimated operational impact on the agency's operation budget for FY11. Use whole dollars only and show savings as a negative number.
FY12 Operational Impact	Show estimated operational impact on the agency's operation budget for FY12. Use whole dollars only and show savings as a negative number.
FY 08 Amount Requested by Program	
Program	Lists the Appropriation unit or programs that this capital project impacts or addresses. The form allows for six program combinations, use additional space as needed.
Activity	OPTIONAL-- Show the activity that this capital project impacts or addresses.
FY08 Costs	Show estimated FY08 amount requested by program. The form allows for six programs, use additional space as needed. Use whole dollars only.